



# Q3 2022 Earnings Call

November 3, 2022



# Forward Looking Statements and Disclaimers

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Such statements are based on the Company’s expectations, intentions and projections regarding the Company’s future performance, anticipated events or trends and other matters that are not historical facts, including expectations regarding: (i) the Company’s long-term targets, goals and strategies, including its capital allocation strategies and the ability to successfully capitalize on its opportunities; (ii) the Company’s outlook and expected Q4 2022 and full year financial performance, including net revenue, net revenue growth, adjusted EBITDA, interest expense, capital expenditures, adjusted effective cash tax rate, depreciation, adjusted diluted weighted average per share count, free cash flow, adjusted free cash flow, adjusted free cash flow conversion and net debt-to-adjusted EBITDA ratio; (iii) the potential benefits of the acquisition of Chubb Limited’s fire and security businesses (“Chubb”) by APi, including the enhancement of the Company’s competitive position and ability to successfully integrate and manage the Company’s global footprint, the long-term opportunities for and anticipated synergies of the combined platform, including the reduction of organizational complexity and shifting towards a branch-based operating model to capture savings, and benefits to shareholders and employees; (iv) the Company’s ability to successfully manage supply chain disruptions, inflationary cost pressures and foreign exchange headwinds through its pricing activities, focused growth in inspection, service and monitoring, strong spend controls and disciplined project and customer selection; (v) the impact of the Company’s backlog on future results; (vi) the impact of the Company’s focus on inspection and service work, including statutorily required services, on future revenues; (vii) the Company’s ability to retain employees, technicians and engineers; (viii) the Company’s ability to manage results in volatile circumstances; (ix) the ability of the Company to achieve key financial targets, including organic net revenue growth, adjusted EBITDA margin targets, margin goals, targeted average adjusted free cash flow conversion rates, or long-term leverage ratio targets; (x) the ability of the Company to successfully navigate macroeconomic challenges; and (xi) the Company’s belief that its leadership development culture will drive business performance and increase future cross-selling opportunities. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including: (i) economic conditions, competition and other risks that may affect the Company’s future performance, including the impacts of the COVID-19 pandemic, inflationary pressures and other macroeconomic factors on the Company’s business, markets, supply chain, customers and workforce, on the credit and financial markets, on the alignment of expenses and revenues and on the global economy generally; (ii) supply chain constraints and interruptions, and the resulting increases in the cost, or reductions in the supply, of the materials and commodities the Company uses in its business and for which the Company bears the risk of such increases; (iii) failure to realize the anticipated benefits of the acquisition of the Chubb fire and security business; (iv) changes in applicable laws or regulations; (v) the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors; (vi) the impact of the conflict between Russia and Ukraine; (vii) the trading price of the Company’s common stock, which may be positively or negatively impacted by market and economic conditions, including as a result of the COVID-19 pandemic, the availability of the Company’s common stock, the Company’s financial performance or determinations following the date of this presentation to use the Company’s funds for other purposes; and (viii) other risks and uncertainties, including those discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 under the heading “Risk Factors.” Given these risks and uncertainties, you are cautioned not to place undue reliance on forward-looking statements. Additional information concerning these risks, uncertainties and other factors that could cause actual results to vary is, or will be, included in the periodic and other reports filed by the Company with the Securities and Exchange Commission. Forward-looking statements included in this presentation speak only as of the date hereof and, except as required by applicable law, the Company does not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this presentation.

# Non-GAAP Financial Measures

This presentation contains non-U.S. GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The Company uses certain non-U.S. GAAP financial measures that are included in this presentation and the additional financial information both in explaining its results to shareholders and the investment community and in its internal evaluation and management of its businesses. The Company's management believes that these non-U.S. GAAP financial measures and the information they provide are useful to investors since these measures (a) permit investors to view the Company's performance using the same tools that management uses to evaluate the Company's past performance, reportable business segments and prospects for future performance, (b) permit investors to compare the Company with its peers and (c) determine certain elements of management's incentive compensation. Specifically:

- The Company's management believes that adjusted gross profit, adjusted selling, general and administrative ("SG&A") expenses, adjusted net income, and adjusted earnings per share, which are non-GAAP financial measures that exclude business transformation and other expenses for the integration of acquired businesses, the impact and results of businesses classified as assets held-for-sale and businesses divested, and one-time and other events such as impairment charges, restructuring costs, transaction and other costs related to acquisitions, amortization of intangible assets, net COVID-19 relief, non-service pension benefit, severance related costs related to corporate leadership changes and certain tax benefits from the acquisition of APi Group, Inc. (the "APi Acquisition") are useful because they provide investors with a meaningful perspective on the current underlying performance of the Company's core ongoing operations.
- The Company also presents organic changes in net revenues on a consolidated basis or segment specific basis to provide a more complete understanding of underlying revenue trends by providing net revenues on a consistent basis as it excludes the impacts of material acquisitions, completed divestitures, and changes in foreign currency from year-over-year comparisons on reported net revenues, calculated as the difference between the reported net revenues for the current period and reported net revenues for the current period converted at the prior year average monthly exchange rates (excluding acquisitions and divestitures). The remainder is divided by the prior year net revenues, excluding the impacts of material acquisitions and completed divestitures.

# Non-GAAP Financial Measures (Cont'd)

- Earnings before interest, taxes, depreciation and amortization (“EBITDA”) is the measure of profitability used by management to manage its segments and, accordingly, in its segment reporting. The Company supplements the reporting of its consolidated financial information with certain non-U.S. GAAP financial measures, including EBITDA and adjusted EBITDA, which is defined as EBITDA excluding the impact of certain non-cash and other specifically identified items (“adjusted EBITDA”). Adjusted EBITDA margin is calculated as adjusted EBITDA divided by net revenues. The Company believes these non-U.S. GAAP measures provide meaningful information and help investors understand the Company’s financial results and assess its prospects for future performance. The Company uses EBITDA and adjusted EBITDA to evaluate its performance, both internally and as compared with its peers, because it excludes certain items that may not be indicative of the Company’s core operating results. Consolidated EBITDA is calculated in a manner consistent with segment EBITDA, which is a measure of segment profitability.
- The Company presents free cash flow, adjusted free cash flow and adjusted free cash flow conversion, which are liquidity measures used by management as factors in determining the amount of cash that is available for working capital needs or other uses of cash, however, it does not represent residual cash flows available for discretionary expenditures. Free cash flow is defined as cash provided by (used in) operating activities less capital expenditures. Adjusted free cash flow is defined as cash provided by (used in) operating activities plus or minus events including, but not limited to, transaction and other costs related to acquisitions, business transformation and other expenses for the integration of acquired businesses, payments made for restructuring programs, impacts of businesses classified as assets held-for-sale and businesses divested, and one-time and other events such as COVID related payroll tax deferral and relief items. Adjusted free cash flow conversion is defined as adjusted free cash flow as a percentage of adjusted EBITDA.

While the Company believes these non-U.S. GAAP measures are useful in evaluating the Company’s performance, this information should be considered as supplemental in nature and not a substitute for or superior to the related financial information prepared in accordance with U.S. GAAP. Additionally, these non-U.S. GAAP financial measures may differ from similar measures presented by other companies. A reconciliation of these non-U.S. GAAP financial measures is included in this presentation.

The Company does not provide reconciliations of forward-looking non-U.S. GAAP adjusted EBITDA and growth in organic net revenues to GAAP due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations, including adjustments that could be made for acquisitions and divestitures, business transformation and other expenses for the integration of acquired businesses, one-time and other events such as impairment charges, transaction and other costs related to acquisitions, restructuring costs, amortization of intangible assets, net COVID-19 relief, and certain tax benefits from the APi Acquisition, and other charges reflected in the Company’s reconciliation of historic numbers, the amount of which, based on historical experience, could be significant.

Beginning with the first quarter of 2022, the Company has combined its Industrial Services and Specialty Services segments into one operating segment (Specialty Services). Certain prior year amounts have been recast to conform to this presentation and the information in the tables below has been retroactively adjusted to reflect these changes in reporting segments.

# Third Quarter 2022 Performance Highlights

- ✓ Record net revenues of **\$1.7 billion**
- ✓ Net revenues increased on an organic basis by approximately **16.5%**, the **6<sup>th</sup>** consecutive quarter of organic growth since going public, driven by a **double-digit** increase in inspection, service and monitoring revenue
- ✓ Adjusted gross margin of **26.3%**, representing a **208** basis point increase compared to prior year
- ✓ Record adjusted EBITDA of **\$186** million, representing a **10.7%** margin
- ✓ Record adjusted diluted earnings per share of **\$0.37**, representing a **\$0.02** increase from prior year period
- ✓ Adjusted free cash flow of **\$166** million, representing a **159%** increase compared to the prior year period

Note: Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.

# 2022 Financial Results Overview

THREE MONTHS ENDED SEPTEMBER 30, 2022			
NET REVENUES	ADJUSTED GROSS MARGIN	ADJUSTED EBITDA	ADJUSTED DILUTED EPS
<p><b>16.4%</b></p> <p>Increase in net revenues on an organic basis compared to prior year period, the 6<sup>th</sup> consecutive quarter of organic growth since going public at the beginning of the COVID-19 pandemic, driven by continued growth in inspection and service revenue in Safety Services</p> <p><b>65.7%</b></p> <p>Increase in reported net revenues compared to prior year period, driven by revenue from acquisitions in Safety Services and strong organic growth in Safety Services and Specialty Services</p>	<p><b>26.3%</b></p> <p>Representing a <b>208</b> basis point increase compared to prior year period adjusted gross margin of 24.3% driven by an improved mix of inspection, service and monitoring revenue supplemented by acquisitions in Safety Services and organic growth as well as improved productivity in Specialty Services, partially offset by supply chain disruptions and inflation causing downward pressure on margins</p>	<p><b>\$186 million</b></p> <p>Representing a 10.7% margin, compared to prior year period adjusted EBITDA margin of 11.9%, driven by the impact of completed acquisitions, supply chain disruptions and inflation causing downward pressure on margins, partially offset by an improved mix of inspection, service and monitoring revenue and leverage from higher volumes</p>	<p><b>\$0.37 / share</b></p> <p><b>\$0.02</b> increase from prior year period driven by accretion from acquisitions in Safety Services and strong organic growth in Safety Services and Specialty Services</p>

# 2022 Financial Results Overview (Cont'd)

## NINE MONTHS ENDED SEPTEMBER 30, 2022

### NET REVENUES

**14.7%**

Increase in net revenues on an organic basis compared to prior year period, driven by continued growth in inspection, service and monitoring revenue in Safety Services as well as general market recovery in Safety Services and Specialty Services compared to the prior year period which was negatively impacted by the COVID-19 pandemic

**71.7%**

Increase in reported net revenues compared to prior year period, driven by revenue from acquisitions in Safety Services and strong organic growth in Safety Services and Specialty Services

### ADJUSTED GROSS MARGIN

**26.5%**

Representing a 280 basis point increase compared to prior year period adjusted gross margin of 23.7% driven by an improved mix of inspection, service and monitoring revenue supplemented by acquisitions in Safety Services and organic growth as well as improved productivity in Specialty Services, partially offset by supply chain disruptions and inflation causing downward pressure on margins

### ADJUSTED EBITDA

**\$490 million**

Representing a 10.1% margin, compared to prior year period adjusted EBITDA margin of 10.3% driven by the impact of completed acquisitions, supply chain disruptions and inflation causing downward pressure on margins, partially offset by an improved mix of inspection, service and monitoring revenue

### ADJUSTED DILUTED EPS

**\$0.96 / share**

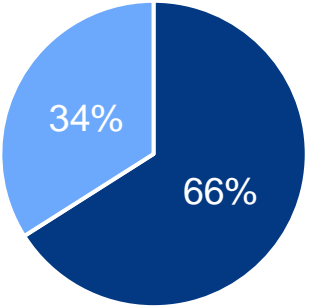
\$0.22 increase from prior year period driven by accretion from acquisitions in Safety Services and strong organic growth in Safety Services and Specialty Services

# 2022 Financial Results Overview

## THREE MONTHS ENDED SEPTEMBER 30, 2022

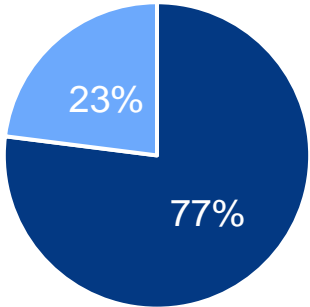
### NET REVENUES

Total: \$1.7 billion<sup>(1)</sup>



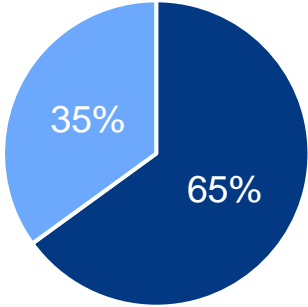
### ADJUSTED GROSS PROFIT

Total: \$457 million



### ADJUSTED EBITDA

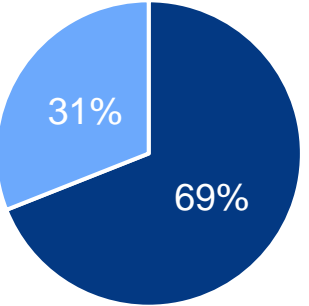
Total: \$213 million<sup>(1)</sup>



## NINE MONTHS ENDED SEPTEMBER 30, 2022

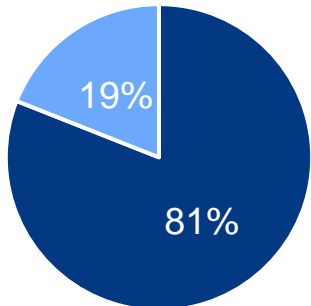
### NET REVENUES

Total: \$4.9 billion<sup>(1)</sup>



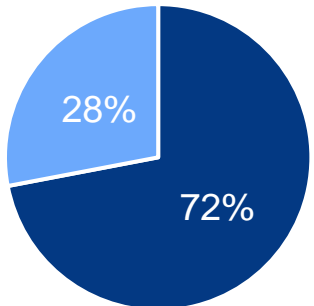
### ADJUSTED GROSS PROFIT

Total: \$1.3 billion



### ADJUSTED EBITDA

Total: \$558 million<sup>(1)</sup>



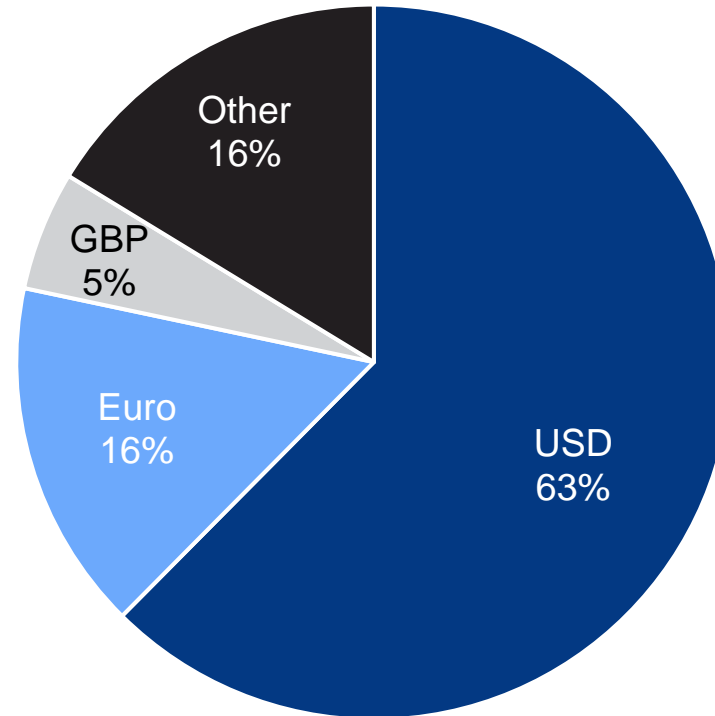
Note: Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.

(1) Excludes Corporate and Eliminations.



# Revenue by Local Currency

NINE MONTHS ENDED SEPTEMBER 30, 2022



Note: Excludes Corporate and Eliminations.

# Key Financial and Operating Metrics

\$ IN MILLIONS

(\$ in millions, except per share figures)	THREE MONTHS ENDED SEPTEMBER 30,			NINE MONTHS ENDED SEPTEMBER 30,		
	2022	2021	YoY Change	2022	2021	YoY Change
<b>Net Revenues</b>	<b>\$1,735</b>	<b>\$1,047</b>	<b>+65.7%</b>	<b>\$4,855</b>	<b>\$2,828</b>	<b>+71.7%</b>
<i>Net Revenues on an Organic Basis</i>			+16.4%			+14.7%
<b>Adjusted Gross Profit</b>	<b>\$457</b>	<b>\$254</b>	<b>+79.9%</b>	<b>\$1,286</b>	<b>\$670</b>	<b>+91.9%</b>
<i>Adjusted Gross Margin</i>	26.3%	24.3%	+208 bp	26.5%	23.7%	+280 bp
<b>Adjusted EBITDA</b>	<b>\$186</b>	<b>\$125</b>	<b>+48.8%</b>	<b>\$490</b>	<b>\$292</b>	<b>+67.8%</b>
<i>Adjusted EBITDA Margin</i>	10.7%	11.9%	(122 bp)	10.1%	10.3%	(23 bp)
<b>Adjusted Net Income</b>	<b>\$99</b>	<b>\$72</b>	<b>+37.5%</b>	<b>\$260</b>	<b>\$152</b>	<b>+71.1%</b>
<b>Adjusted Diluted EPS</b>	<b>\$0.37</b>	<b>\$0.35</b>	<b>\$0.02</b>	<b>\$0.96</b>	<b>\$0.74</b>	<b>\$0.22</b>
<b>Operating Cash Flow</b>	<b>\$146</b>	<b>\$49</b>	<b>+198.0%</b>	<b>\$82</b>	<b>\$68</b>	<b>+20.6%</b>
<b>Adjusted Free Cash Flow</b>	<b>\$166</b>	<b>\$64</b>	<b>+159.4%</b>	<b>\$182</b>	<b>\$84</b>	<b>+116.7%</b>
<i>Adjusted Free Cash Flow Conversion</i>	89.2%	51.2%	+3,805 bp	37.1%	28.8%	+838 bp

Note: Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.

# 2022 Guidance – as Reported (Including FX Impacts)

NET REVENUES

**\$6,450 – \$6,500 million**

ADJUSTED EBITDA

**\$660 – \$675 million**

# 2022 Guidance – as Reported (Including FX Impacts) (cont'd)

\$ IN MILLIONS

	Organic Revenue %	Net Revenues Range	Adjusted EBITDA Range
February 2022 Initial Guide	6% to 7%	\$6,300 to \$6,500	\$650 to \$700
Q1 2022 Release	8% to 9%	\$6,450 to \$6,600 <i>\$6,505 to \$6,655 at constant currency (~\$55) FX*</i>	\$650 to \$700 <i>\$655 to \$705 at constant currency (~\$5) FX*</i>
Q2 2022 Release	8% to 9%	\$6,400 to \$6,500 <i>\$6,545 to \$6,645 at constant currency (~\$145) FX*</i>	\$655 to \$675 <i>\$670 to \$690 at constant currency (~\$15) FX*</i>
Q3 2022 Release	10%+	\$6,450 to \$6,500 <i>\$6,650 to \$6,700 at constant currency (~\$200) FX*</i>	\$660 to \$675 <i>\$680 to \$695 at constant currency (~\$20) FX*</i>

\* Reflects the negative impact of foreign currency translation on net revenues and adjusted EBITDA due to the strengthening of the U.S. dollar since the February 2022 initial guide.

# 2022 Guidance

- ✓ On our second quarter earnings call, we highlighted that the strengthening dollar had negatively impacted our full year reported outlook. At that time, FX had been a **~\$145 million** headwind at net revenues and **~\$15 million** at adjusted EBITDA for the full year versus our initial guidance in February
- ✓ Based on exchange rates as of the end of the third quarter, and versus our initial guidance in February, FX has now negatively impacted our full year results by **\$200 million** in net revenues and **\$20 million** in adjusted EBITDA
- ✓ Therefore, on a reported basis (including FX impacts), as of the end of the third quarter, we expect our full year revenue outlook to range between **\$6,450 to \$6,500 million**, compared to prior guidance of **\$6,400 to \$6,500 million** and expect adjusted EBITDA will range between **\$660 to \$675 million**, compared to prior guidance of **\$655 to \$675 million**
- ✓ Our updated full year guidance reflects improved constant currency performance across all of our businesses
- ✓ We now expect growth in net revenues on an organic basis at constant currencies of **10%+**, up from our prior guidance of **8 – 9%**, driven by strong growth in inspection, service and monitoring revenue and our robust backlog

# 2022 Guidance – as Reported (Including FX Impacts)

\$ IN MILLIONS

	Q4	FY
<b>Net Revenues</b>	<b>\$1,602 to \$1,652</b>	<b>\$6,450 to \$6,500</b>
<i>Net Revenues on an Organic Basis</i>	---	<b>10%+</b>
<b>Adjusted EBITDA</b>	<b>\$170 to \$185</b>	<b>\$660 to \$675</b>
<b>Adjusted Free Cash Flow</b>	<b>\$190 to \$210</b>	<b>\$372 to \$392</b>
<i>Adjusted Free Cash Flow Conversion</i>	---	<b>55%+</b>

# Capitalization

- ✓ As of the end of the third quarter, our net debt to adjusted EBITDA ratio was approximately **3.6x** calculated pursuant to terms of existing debt agreements
- ✓ We anticipate reaching a net debt to adjusted EBITDA ratio of below **3.5x** by year-end 2022
- ✓ Target long-term net leverage remains **2.0x – 2.5x**, which we expect to be at by year-end 2023
- ✓ Weighted average maturity of **over 5 years** as of September 30<sup>th</sup>, 2022 with the earliest maturity in 2026
- ✓ During the second quarter, we entered into forward starting swap arrangement to be effective January 2023 that will shift fixed vs. floating mix to estimated **~70%** fixed / **~30%** floating

A photograph of three men in a meeting room. One man stands pointing at a large screen displaying a technical diagram, while two others sit at a table with laptops, looking at the screen. The image is overlaid with a blue tint and a white border.

# Appendix



# Reconciliation of Non-GAAP Financial Measures

## Organic Change in Net Revenues (non-GAAP)

\$ IN MILLIONS

### For the Three Months Ended September 30, 2022

	Net revenues change (as reported)	Acquisitions and divestitures, net (a)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	116.7%	98.7%	(1.7) %	19.7%
Specialty Services	11.6%	0.1%	(0.2) %	11.7%
<b>Consolidated</b>	<b>65.7%</b>	<b>50.3%</b>	<b>(1.0) %</b>	<b>16.4%</b>

### For the Nine Months Ended September 30, 2022

	Net revenues change (as reported)	Acquisitions and divestitures, net (a)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	123.3%	107.9%	(1.3) %	16.7%
Specialty Services	12.8%	—	(0.1) %	12.9%
<b>Consolidated</b>	<b>71.7%</b>	<b>57.7%</b>	<b>(0.7) %</b>	<b>14.7%</b>

- (a) Adjustment to exclude net revenues from material acquisitions from their respective dates of acquisition until the first year anniversary from date of acquisition and net revenues from divestitures for all periods for businesses divested as of September 30, 2022.
- (b) Represents the effect of foreign currency on reported net revenues excluding material acquisitions, calculated as the difference between the reported net revenues for the current period and reported net revenues for the current period converted at the prior year average monthly exchange rates.
- (c) Organic change in net revenues provides a consistent basis for a year-over-year comparison in net revenues as it excludes the impacts of material acquisitions, divestitures, and the impact of changes due to foreign currency translation.

# Reconciliation of Non-GAAP Financial Measures (Cont'd)

## Adjusted Gross Profit (non-GAAP)

\$ IN MILLIONS

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Gross profit (as reported)	\$ 440	\$ 252	\$ 1,251	\$ 665
Adjustments to reconcile gross profit to adjusted gross profit:				
Backlog amortization (a)	15	2	22	5
Inventory step-up (b)	—	—	9	—
Restructuring costs (c)	2	—	4	—
Adjusted gross profit	\$ 457	\$ 254	\$ 1,286	\$ 670
Net revenues	\$ 1,735	\$ 1,047	\$ 4,855	\$ 2,828
Adjusted gross margin	26.3%	24.3%	26.5%	23.7%

## Adjusted SG&A (non-GAAP)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Selling, general, and administrative expenses ("SG&A") (as reported)	\$ 379	\$ 211	\$ 1,138	\$ 579
Adjustments to reconcile SG&A to adjusted SG&A:				
Amortization of intangible assets (d)	(36)	(30)	(143)	(90)
Contingent consideration and compensation (e)	(3)	1	(8)	5
Business process transformation expenses (f)	(4)	(11)	(14)	(25)
Acquisition expenses (g)	(2)	(13)	(26)	(16)
Recent acquisition transition expenses (h)	(31)	—	(63)	—
Integration and reorganization expenses (i)	(2)	—	(9)	—
Restructuring costs (c)	(5)	—	(14)	—
Divested businesses (j)	—	—	—	(1)
Corporate executive reorganization (k)	—	(6)	—	(6)
Adjusted SG&A expenses	\$ 296	\$ 152	\$ 861	\$ 446
Net revenues	\$ 1,735	\$ 1,047	\$ 4,855	\$ 2,828
Adjusted SG&A as a % of net revenues	17.1%	14.5%	17.7%	15.8%

- (a) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.
- (b) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.
- (c) Adjustment to reflect the elimination of expenses associated with restructuring programs.
- (d) Adjustment to reflect the addback of amortization expense.
- (e) Adjustment to reflect the elimination of the expense, or reversal of previously recorded expense, attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.
- (f) Adjustment to reflect the elimination of non-operational costs related to business process transformation, including system and process development costs and implementation of processes and compliance programs related to the Sarbanes-Oxley Act of 2002.
- (g) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.
- (h) Adjustment to reflect the elimination of expenses associated with the transition of newly acquired businesses from prior ownership into APi Group.
- (i) Adjustment to reflect the elimination of expenses related to the integration and reorganization of newly acquired businesses.
- (j) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.
- (k) Adjustment to reflect the elimination of costs related to non-recurring severance related costs related to corporate leadership changes.

# Reconciliation of Non-GAAP Financial Measures (Cont'd)

## Adjusted EBITDA (non-GAAP)

\$ IN MILLIONS

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income (as reported)	\$ 28	\$ 19	\$ 51	\$ 32
Adjustments to reconcile net income to EBITDA:				
Interest expense, net	33	14	88	43
Income tax provision	18	11	16	14
Depreciation and amortization	73	52	225	154
EBITDA	\$ 152	\$ 96	\$ 380	\$ 243
Adjustments to reconcile EBITDA to adjusted EBITDA:				
Contingent consideration and compensation (a)	3	(1)	8	(5)
Non-service pension benefit (b)	(10)	—	(32)	—
Inventory step-up (c)	—	—	9	—
Business process transformation expenses (d)	4	11	14	25
Acquisition expenses (e)	2	13	26	17
Recent acquisition transition expenses (f)	31	—	63	—
Integration and reorganization expenses (g)	2	—	9	—
Restructuring costs (h)	7	—	18	—
(Gain) loss on extinguishment of debt, net (i)	(5)	—	(5)	9
Divested businesses (j)	—	—	—	(1)
COVID-19 relief at Canadian subsidiaries, net (k)	—	—	—	(2)
Corporate executive reorganization (l)	—	6	—	6
Adjusted EBITDA	\$ 186	\$ 125	\$ 490	\$ 292
Net revenues	\$ 1,735	\$ 1,047	\$ 4,855	\$ 2,828
Adjusted EBITDA as a % of net revenues	10.7%	11.9%	10.1%	10.3%

- (a) Adjustment to reflect the elimination of the expense, or reversal of previously recorded expense, attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.
- (b) Adjustment to reflect the elimination of non-service pension benefit, which consists of interest cost, expected return on plan assets and amortization of actuarial gains/losses of the pension programs assumed as part of the Chubb acquisition.
- (c) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.
- (d) Adjustment to reflect the elimination of non-operational costs related to business process transformation, including system and process development costs and implementation of processes and compliance programs related to the Sarbanes-Oxley Act of 2002.
- (e) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.
- (f) Adjustment to reflect the elimination of expenses associated with the transition of newly acquired businesses from prior ownership into APi Group.
- (g) Adjustment to reflect the elimination of expenses related to the integration and reorganization of newly acquired businesses.
- (h) Adjustment to reflect the elimination of expenses associated with restructuring programs.
- (i) Adjustment to reflect the elimination of (gain) loss on extinguishment of debt resulting from early repayments and repurchases of long-term debt.
- (j) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale, inclusive of impairment charges and gain/(loss) on sale.
- (k) Adjustment to reflect the elimination of miscellaneous income in Canada related to COVID-19 relief, net of severance costs.
- (l) Adjustment to reflect the elimination of costs related to non-recurring severance related costs related to corporate leadership changes.

# Reconciliation of Non-GAAP Financial Measures (Cont'd)

## Adjusted income before income tax, net income (loss) and EPS (non-GAAP)

\$ IN MILLIONS

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Income before income tax provision (as reported)	\$ 46	\$ 30	\$ 67	\$ 46
Adjustments to reconcile income before income tax provision to adjusted income before income tax provision:				
Amortization of intangible assets (a)	51	32	165	95
Contingent consideration and compensation (b)	3	(1)	8	(5)
Non-service pension benefit (c)	(10)	—	(32)	—
Inventory step-up (d)	—	—	9	—
Business process transformation expenses (e)	4	11	14	25
Acquisition expenses (f)	2	13	26	17
Recent acquisition transition expenses (g)	31	—	63	—
Integration and reorganization expenses (h)	2	—	9	—
Restructuring costs (i)	7	—	18	—
(Gain) loss on extinguishment of debt, net (j)	(5)	—	(5)	9
Divested businesses (k)	—	—	—	(1)
COVID-19 relief at Canadian subsidiaries, net (l)	—	—	—	(2)
Corporate executive reorganization (m)	—	6	—	6
Adjusted income before income tax provision	\$ 131	\$ 91	\$ 342	\$ 190
Income tax provision (as reported)	\$ 18	\$ 11	\$ 16	\$ 14
Adjustments to reconcile income tax provision to adjusted income tax provision:				
Income tax provision adjustment (n)	14	8	66	24
Adjusted income tax provision	\$ 32	\$ 19	\$ 82	\$ 38
Adjusted income before income tax provision	\$ 131	\$ 91	\$ 342	\$ 190
Adjusted income tax provision	32	19	82	38
Adjusted net income	\$ 99	\$ 72	\$ 260	\$ 152
Diluted weighted average shares outstanding (as reported)	266	209	266	205
Adjustments to reconcile diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding:				
Dilutive impact of Series A Preferred Stock (o)	4	1	4	—
Adjusted diluted weighted average shares outstanding	270	210	270	205
Adjusted diluted EPS	\$ 0.37	\$ 0.35	\$ 0.96	\$ 0.74

- (a) Adjustment to reflect the addback of pre-tax amortization expense related to intangible assets.
- (b) Adjustment to reflect the elimination of the expense, or reversal of previously recorded expense, attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.
- (c) Adjustment to reflect the elimination of non-service pension benefit, which consists of interest cost, expected return on plan assets and amortization of actuarial gains/losses of the pension programs assumed as part of the Chubb acquisition.
- (d) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.
- (e) Adjustment to reflect the elimination of non-operational costs related to business process transformation, including system and process development costs and implementation of processes and compliance programs related to the Sarbanes-Oxley Act of 2002.
- (f) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.
- (g) Adjustment to reflect the elimination of expenses associated with the transition of newly acquired businesses from prior ownership into API Group.
- (h) Adjustment to reflect the elimination of integration and reorganization expenses associated with acquisitions.
- (i) Adjustment to reflect the elimination of expenses associated with restructuring programs.
- (j) Adjustment to reflect the elimination of (gain) loss on extinguishment of debt resulting from early repayments and repurchases of long-term debt.
- (k) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale, inclusive of impairment charges and gain/(loss) on sale.
- (l) Adjustment to reflect the elimination of miscellaneous income in Canada related to COVID-19 relief, net of severance costs.
- (m) Adjustment to reflect the elimination of costs related to non-recurring severance related costs related to corporate leadership changes.
- (n) Adjustment to reflect an adjusted effective cash tax rate of 24% for the three and nine months ended September 30, 2022 and 20% for the nine months ended September 30, 2021 applied to resulting adjusted pre-tax income inclusive of the adjustments shown above. The adjustment for the three months ended September 30, 2021 is the amount required to adjust the nine-month period to 20%.
- (o) Adjustment for the three and nine months ended September 30, 2022 and 2021 reflects addition of the dilutive impact of 4 million shares associated with the deemed conversion of Series A Preferred Stock. Adjustment for the three and nine months ended September 30, 2021 is offset by the elimination of 4 million and 3 million shares, respectively, to reflect the dilutive effect of the Series A Preferred Stock dividend as the dividend is contingent upon the share price the last ten days of the calendar year and was not earned as of September 30, 2021.

# Reconciliation of Non-GAAP Financial Measures (Cont'd)

## Adjusted Segment Financial Information (non-GAAP)

\$ IN MILLIONS

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022 (a)	2021 (a)	2022 (a)	2021 (a)
<b>Safety Services</b>				
Net revenues	\$ 1,154	\$ 533	\$ 3,374	\$ 1,511
Adjusted gross profit	354	169	1,043	479
Adjusted EBITDA	139	76	401	214
<i>Adjusted gross margin</i>	30.7%	31.7%	30.9%	31.7%
<i>Adjusted EBITDA as a % of net revenues</i>	12.0%	14.3%	11.9%	14.2%
<b>Specialty Services</b>				
Net revenues	\$ 590	\$ 527	\$ 1,520	\$ 1,347
Adjusted gross profit	103	85	243	191
Adjusted EBITDA	74	63	157	129
<i>Adjusted gross margin</i>	17.5%	16.1%	16.0%	14.2%
<i>Adjusted EBITDA as a % of net revenues</i>	12.5%	12.0%	10.3%	9.6%
<i>Total net revenues before corporate and eliminations</i>	(b) \$ 1,744	\$ 1,060	\$ 4,894	\$ 2,858
<i>Total adjusted EBITDA before corporate and eliminations</i>	(b) 213	139	558	343
<i>Adjusted EBITDA as a % of net revenues before corporate and eliminations</i>	(b) 12.2%	13.1%	11.4%	12.0%
<b>Corporate and Eliminations</b>				
Net revenues	\$ (9)	\$ (13)	\$ (39)	\$ (30)
Adjusted EBITDA	(27)	(14)	(68)	(51)
<b>Total Consolidated</b>				
Net revenues	\$ 1,735	\$ 1,047	\$ 4,855	\$ 2,828
Adjusted gross profit	457	254	1,286	670
Adjusted EBITDA	186	125	490	292
<i>Adjusted gross margin</i>	26.3%	24.3%	26.5%	23.7%
<i>Adjusted EBITDA as a % of net revenues</i>	10.7%	11.9%	10.1%	10.3%

- (a) Information derived from non-GAAP reconciliations included elsewhere in this presentation.  
(b) Calculated from results of the Company's operating segments shown above, excluding Corporate and Eliminations.

# Reconciliation of Non-GAAP Financial Measures (Cont'd)

## Adjusted Segment Financial Information (non-GAAP)

\$ IN MILLIONS

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Safety Services</b>				
Safety Services EBITDA	\$ 116	\$ 75	\$ 360	\$ 213
Adjustments to reconcile EBITDA to adjusted EBITDA:				
Contingent consideration and compensation	(a) 2	1	4	2
Non-service pension benefit	(b) (10)	—	(32)	—
Inventory step-up	(c) —	—	9	—
Business process transformation expenses	(d) 1	—	2	1
Recent acquisition transition expenses	(e) 23	—	33	—
Integration and reorganization expenses	(f) —	—	7	—
Restructuring costs	(g) 7	—	18	—
COVID-19 relief at Canadian subsidiaries, net	(h) —	—	—	(2)
Safety Services adjusted EBITDA	\$ 139	\$ 76	\$ 401	\$ 214
<b>Specialty Services</b>				
Specialty Services EBITDA	\$ 73	\$ 65	\$ 153	\$ 137
Adjustments to reconcile EBITDA to adjusted EBITDA:				
Contingent consideration and compensation	(a) 1	(2)	4	(7)
Divested businesses	(i) —	—	—	(1)
Specialty Services adjusted EBITDA	\$ 74	\$ 63	\$ 157	\$ 129
<b>Corporate and Eliminations</b>				
Corporate and Eliminations EBITDA	\$ (37)	\$ (44)	\$ (133)	\$ (107)
Adjustments to reconcile EBITDA to adjusted EBITDA:				
Business process transformation expenses	(d) 3	11	12	24
Acquisition expenses	(j) 2	13	26	17
Recent acquisition transition expenses	(e) 8	—	30	—
Integration and reorganization expenses	(f) 2	—	2	—
(Gain) loss on extinguishment of debt, net	(k) (5)	—	(5)	9
Corporate executive reorganization	(l) —	6	—	6
Corporate and Eliminations adjusted EBITDA	\$ (27)	\$ (14)	\$ (68)	\$ (51)

- (a) Adjustment to reflect the elimination of the expense, or reversal of previously recorded expense, attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.
- (b) Adjustment to reflect the elimination of non-service pension benefit, which consists of interest cost, expected return on plan assets and amortization of actuarial gains/losses of the pension programs assumed as part of the Chubb acquisition.
- (c) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.
- (d) Adjustment to reflect the elimination of non-operational costs related to business process transformation, including system and process development costs and implementation of processes and compliance programs related to the Sarbanes-Oxley Act of 2002.
- (e) Adjustment to reflect the elimination of expenses associated with the transition of newly acquired businesses from prior ownership into APi Group.
- (f) Adjustment to reflect the elimination of integration and reorganization expenses associated with acquisitions.
- (g) Adjustment to reflect the elimination of expenses associated with restructuring programs.
- (h) Adjustment to reflect the elimination of miscellaneous income in Canada related to COVID-19 relief, net of severance costs.
- (i) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale, inclusive of impairment charges and gain/(loss) on sale.
- (j) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.
- (k) Adjustment to reflect the elimination of (gain) loss on extinguishment of debt resulting from early repayments and repurchases of long-term debt.
- (l) Adjustment to reflect the elimination of costs related to non-recurring severance related costs related to corporate leadership changes.

# Reconciliation of Non-GAAP Financial Measures (Cont'd)

## Adjusted Segment Financial Information (non-GAAP)

\$ IN MILLIONS

	For the Three Months Ended September 30, 2022			For the Three Months Ended September 30, 2021		
	<i>As Reported</i>	<i>Adjustments</i>	<i>As Adjusted</i>	<i>As Reported</i>	<i>Adjustments</i>	<i>As Adjusted</i>
<b>Safety Services</b>						
Net revenues	\$ 1,154	\$ —	\$ 1,154	\$ 533	\$ —	\$ 533
Cost of revenues	816	(14) (a)	800	364	— (a)	364
		(2) (b)				
Gross profit	<u>\$ 338</u>	<u>\$ 16</u>	<u>\$ 354</u>	<u>\$ 169</u>	<u>\$ -</u>	<u>\$ 169</u>
Gross margin	29.3%		30.7%	31.7%		31.7%
<b>Specialty Services</b>						
Net revenues	590	—	590	527	—	527
Cost of revenues	488	(1) (a)	487	444	(2) (a)	442
Gross profit	<u>\$ 102</u>	<u>\$ 1</u>	<u>\$ 103</u>	<u>\$ 83</u>	<u>\$ 2</u>	<u>\$ 85</u>
Gross margin	17.3%		17.5%	15.7%		16.1%
<b>Corporate and Eliminations</b>						
Net revenues	(9)	—	(9)	(13)	—	(13)
Cost of revenues	(9)	—	(9)	(13)	—	(13)
<b>Total Consolidated</b>						
Net revenues	1,735	—	1,735	1,047	—	1,047
Cost of revenues	1,295	(15) (a)	1,278	795	(2) (a)	793
		(2) (b)				
Gross profit	<u>\$ 440</u>	<u>\$ 17</u>	<u>\$ 457</u>	<u>\$ 252</u>	<u>\$ 2</u>	<u>\$ 254</u>
Gross margin	25.4%		26.3%	24.1%		24.3%

(a) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.

(b) Adjustment to reflect the elimination of expenses associated with restructuring programs.

# Reconciliation of Non-GAAP Financial Measures (Cont'd)

## Adjusted Segment Financial Information (non-GAAP)

\$ IN MILLIONS

	For the Nine Months Ended September 30, 2022			For the Nine Months Ended September 30, 2021		
	<i>As Reported</i>	<i>Adjustments</i>	<i>As Adjusted</i>	<i>As Reported</i>	<i>Adjustments</i>	<i>As Adjusted</i>
<b>Safety Services</b>						
Net revenues	\$ 3,374	\$ —	\$ 3,374	\$ 1,511	\$ —	\$ 1,511
Cost of revenues	2,363	(19) (a) (9) (b) (4) (c)	2,331	1,033	(1) (a)	1,032
Gross profit	\$ 1,011	\$ 32	\$ 1,043	\$ 478	\$ 1	\$ 479
Gross margin	30.0%		30.9%	31.6%		31.7%
<b>Specialty Services</b>						
Net revenues	\$ 1,520	\$ —	\$ 1,520	\$ 1,347	\$ —	\$ 1,347
Cost of revenues	1,280	(3) (a)	1,277	1,160	(4) (a)	1,156
Gross profit	\$ 240	\$ 3	\$ 243	\$ 187	\$ 4	\$ 191
Gross margin	15.8%		16.0%	13.9%		14.2%
<b>Corporate and Eliminations</b>						
Net revenues	\$ (39)	\$ —	\$ (39)	\$ (30)	\$ —	\$ (30)
Cost of revenues	(39)	—	(39)	(30)	—	(30)
<b>Total Consolidated</b>						
Net revenues	\$ 4,855	\$ —	\$ 4,855	\$ 2,828	\$ —	\$ 2,828
Cost of revenues	3,604	(22) (a) (9) (b) (4) (c)	3,569	2,163	(5) (a)	2,158
Gross profit	\$ 1,251	\$ 35	\$ 1,286	\$ 665	\$ 5	\$ 670
Gross margin	25.8%		26.5%	23.5%		23.7%

- (a) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.  
 (b) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.  
 (c) Adjustment to reflect the elimination of expenses associated with restructuring programs.



# Reconciliation of Non-GAAP Financial Measures (Cont'd)

## Adjusted Free Cash Flow and Conversion (non-GAAP)

\$ IN MILLIONS

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Net cash provided by operating activities (a)	\$ 146	\$ 49	\$ 82	\$ 68
Less: Purchases of property and equipment (a)	(26)	(9)	(60)	(43)
Free cash flow	\$ 120	\$ 40	\$ 22	\$ 25
Add (deduct): Cash payments (sources) related to following items:				
Contingent compensation (b)	\$ 1	\$ —	\$ 3	\$ 19
Pension contributions (c)	—	—	27	—
Business process transformation expenses (d)	4	11	14	25
Acquisition costs (e)	1	13	34	17
Recent acquisition transition expenses (f)	28	—	64	—
Integration and reorganization expenses (g)	9	—	12	—
Restructuring payments (h)	3	—	6	—
COVID-19 relief at Canadian subsidiaries, net (i)	—	—	—	(2)
Adjusted free cash flow	\$ 166	\$ 64	\$ 182	\$ 84
<i>Adjusted EBITDA (j)</i>	<i>\$ 186</i>	<i>\$ 125</i>	<i>\$ 490</i>	<i>\$ 292</i>
<i>Adjusted free cash flow conversion</i>	<i>89.2%</i>	<i>51.2%</i>	<i>37.1%</i>	<i>28.8%</i>

- (a) Operating cash flows and purchases of property and equipment for the nine months ended September 30, 2022 and 2021 are as reported. Amounts for the three months ended September 30, 2021 and 2022 are calculated as the nine months ended less the amounts reported for the six months ended June 30, 2022 and 2021, respectively
- (b) Adjustment to reflect the elimination of deferred payments to prior owners of acquired businesses not expected to continue or recur.
- (c) Adjustment to reflect the elimination of initial pension contribution payment related to the Chubb acquisition not expected to continue or recur.
- (d) Adjustment to reflect the elimination of operating cash used for non-operational costs related to business process transformation, including system and process development costs and implementation of processes and compliance programs related to the Sarbanes-Oxley Act of 2002.
- (e) Adjustment to reflect the elimination of potential and completed acquisition-related costs.
- (f) Adjustment to reflect the elimination of expenses associated with the transition of newly acquired businesses from prior ownership into APi Group.
- (g) Adjustment to reflect the elimination of integration and reorganization expenses associated with newly acquired businesses.
- (h) Adjustment to reflect payments made for restructuring programs.
- (i) Adjustment to reflect the elimination of cash received in Canada for COVID-19 relief, net of severance costs paid, not expected to continue or recur.
- (j) Adjusted EBITDA derived from non-GAAP reconciliations included elsewhere in this presentation.



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# Q3 2022 Earnings Call

